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M.L. HATCHER, CLK  
U.S. BANKRUPTCY COURT  
W.D. OF WA AT SEATTLE  
BY \_\_\_\_\_ DEP CLK

Honorable Samuel J. Steiner  
Chapter 11

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

In Re:

Lazy Hazel, LLC

Debtor.

No. 04-10155

**DECLARATION OF  
SECURED CREDITOR PHIL  
NUDELMAN IN OPPOSITION  
TO FRONTIER BANK'S  
MOTION FOR ORDER  
GRANTING RELIEF FROM  
STAY**

PHILLIP NUDELMAN, M.D. declares under penalty of perjury under the laws of the State of Washington that the following is true and correct to his best knowledge and belief:

1. I am a creditor of Thomas M. Rowe, dba Complete Plant Maintenance, Inc., and have personal knowledge of the facts set forth herein, and a secured creditor of the above named Debtor.

2. My investment counselor, Earnest M. Dill, of Investment and Estate Strategies, LLC, in or about September 2002, approached me with a certain investment for my retirement account which was administered through Charles Schwab & Company, Inc., under IRA

DECLARATION OF PHIL NUDELMAN TO FRONTIER BANK'S  
MOTION FOR ORDER GRANTING RELIEF FROM STAY-1  
F:\DMT\Nudelman\Lazy Hazel\Stay Response.doc 2/4/04 (ljf)  
#90255.006

OSERAN HAHN SPRING & WATTS P.S.  
10900 NE Fourth Street #850  
Bellevue WA 98004  
Phone: (425) 455-3900  
Facsimile: (425) 455-9201

ORIGINAL

1 Account No. 6727-5204. That investment regarded loaning money to Complete Plant  
2 Maintenance, Inc. (hereinafter "CPM").

3 3. On belief, CPM was a 60% unit owner of Lazy Hazel, LLC which owned  
4 property known as Lazy Hazel Senior Community at 725 Hazel Street, Mt. Vernon,  
5 Washington.

6 4. The amount of the proposed investment was \$300,000, but subsequently, I was  
7 requested to loan \$250,000 in additional monies in or about February 2003. As security for the  
8 loan which was evidenced by a Note, my retirement account received a third lien position  
9 Deed of Trust on the above referenced property.

10 5. In support of this additional investment, I was provided an opinion letter from  
11 the accounting firm of Zaremba, Forhan & Company, P.S., which reflected that the current  
12 appraisal of the subject real property, taken with the income received from the senior  
13 community home, was \$2.8 million dollars. A true and correct of such opinion letter provided  
14 to me is attached hereto as Exhibit 1 and by this reference incorporated herein.

15 6. In or about 1999, an appraisal of the real property reflected that the property  
16 then had an approximate value of \$2 million dollars.

17 7. Attached hereto as Exhibit 2 and by this reference incorporated herein is an  
18 October listing which reveals that the subject real property and business are being listed for  
19 sale at \$2.65 million dollars. I have been advised that the original realtors have been replaced  
20 and a more aggressive marketing campaign has been launched to sell the subject real property  
21 and business opportunity.  
22

1 8. Creditor, Frontier Bank, claims to have an interest in the property in excess of  
2 \$1.3 million dollars. The second lienholder has an interest of \$250,000.

3 9. Creditor, Frontier Bank, incorrectly reflects that my retirement account has an  
4 interest of \$850,000 against the property. The actual lien indebtedness is \$550,000 as outlined  
5 above, plus interest accruing thereon.


6 10. If creditor, Frontier Bank, is allowed to move forward with its trustee sale after  
7 receiving relief from the stay, it stands to receive a potential windfall of between \$1 million  
8 and \$1.5 million dollars.

9 11. If the property is sold by the debtor at the listed price of \$2.65 million, all  
10 secured lienholders, including my individual retirement account, will be paid in full. In  
11 addition, as much as \$500,000 would be left over for distribution to other creditors of the  
12 estate.

13 12. While Frontier Bank attempts to bootstrap the indebtedness owed to my  
14 individual retirement account for purposes of showing that the asset has no equity, it fails to  
15 advise the Court that there is sufficient equity in the property for the **benefit of the junior**  
16 **lienholders and other creditors** of the estate.

17 13. It is respectfully requested that the Court deny Frontier Bank's motion for relief  
18 from stay for a period of 180 days and that this hearing be continued for that period of time  
19 with the Court making a subsequent determination of whether the stay should continue in force  
20 or be lifted at that time.

1 DATED at Bellevue, Washington on this 7<sup>th</sup> day of February, 2004.

2   
3 Phil Nudelman, ~~Ph~~D.  
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**ZAREMBA, FORHAN & CO., P.S.**  
CERTIFIED PUBLIC ACCOUNTANTS

Members of American Institute &  
Washington Society of  
Certified Public Accountants

1314 N. State Street  
Bellingham, WA 98225  
(360) 671-1023  
Fax (360) 671-3458

John N. Zarembo

June 7, 2001

To The Board of Directors  
Complete Plant Maintenance, Inc.  
Bellingham, Washington

Gentlemen:

We have reviewed the accompanying Balance Sheet of Complete Plant Maintenance, Inc. as of March 31, 2001, and the related Statements of Income, Retained Earnings, and Cash Flow for the twelve months then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Complete Plant Maintenance, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Although the company had changed its accounting year to December 31 from March 31, effective December 31, 2000, at the request of the Board of Directors, these financial statements have been prepared for the twelve months ended March 31, 2001. This allows for comparative and analytical review with respect to prior years. This format will be discontinued in the future.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

ZAREMBA, FORHAN & CO., P.S.

**EXHIBIT** 1

COMPLETE PLANT MAINTENANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2001  
See Accountants' Review Report

Note (9) Equity in Unconsolidated Joint Venture

The Company has a 60% ownership interest in the Lazy Hazel LLC, a limited liability company, formed to convert an apartment building into an assisted living complex for the elderly. The 28 unit complex is located in Mt. Vernon, Washington. Tenants have access to prepared meals, housekeeping and transportation if they choose. A longer than anticipated rent-up period created burden on the company's cash flow, however, 22 of the 28 units are now rented, and full occupancy is expected by September, 2001. Based on current operating projections, income before debt service should approximate \$300,000 annually, once full occupancy is reached. Current appraisals indicate fair market value of \$2.8M.

Summary cost information on the joint venture is as follows:

27 unit residential complex	\$ 2,128,317
Less mortgages owing	(1,493,377)
Net equity	\$ 634,940
	x 60%
Company portion	\$ 380,964

Note (10) Profit Sharing Plan

The company adopted a 401(k) profit sharing plan effective April 1, 1996, to cover eligible participating employees after the reorganization of the company. Eligible employees may defer up to 15% of their compensation. The company then contributes a matching contribution of 75% of the first 5% of deferrals.

Note (11) Life Insurance

The company has purchased life insurance policies, through Old Milwaukee Life and Transamerica Occidental Life on certain personnel, with the company designated as beneficiary. Individuals and amounts are as follows:

Tom Rowe	\$ 500,000
Jeff Bluke	\$ 500,000
Boyd Sobey	\$ 125,000

# Company: Complete Plant Maintenance

Officer/Executive Name: Thomas Rowe

Telephone Number: (360) 734-5445

Business Description: Water, sewer, pipeline, power line construction

## Discounted Cash Flow Analysis (in \$000s)

	Historical			Projected				
	1999	2000	2001	2002	2003	2004	2005	2006
Revenue	9,916	8,444	14,004	15,870	17,457	19,203	21,123	23,235
% growth		-14.8%	65.8%	13.3%	10.0%	10.0%	10.0%	10.0%
Net Income	151	222	616					
% of revenue	1.5%	2.5%	4.4%					
Add: Total Recastings	233	268	420					
Approximate EBITDA	384	490	1,036	1,174	1,331	1,508	1,700	1,935
% of revenue	3.9%	5.8%	7.4%	7.4%	7.6%	7.9%	8.1%	8.3%
Less: Estimated Taxes				(244)	(277)	(314)	(355)	(403)
Less: Est. Invested Capital Requirements				(221)	(211)	(232)	(256)	(204)
Approximate Free Cash Flow				709	842	961	1,097	1,328
Sum of PV Cash Flows	25%							2,782
PV of Terminal Value								2,177
Approximate Fair Market Value				\$ 4,959				
Total Interest Bearing Liabilities	1,405	1,539	2,219					

High Level Recastings	1999	2000	2001	Notes:
Excess Owners Compensation				
Depreciation/Amortization	55	57	96	
Interest Expense	178	211	324	
(Interest Income)				
Income Taxes				
(Gain/Loss on Sale of Assets)				
Extraordinary Items				
Other				
Total Recastings	233	268	420	

	1999	2000	2001
Net Book Value (in \$000s)	1,065	1,152	1,480
Enterprise Book Value	2,470	2,691	3,699

## Estimated Enterprise Value Range: \$4.0 - \$5.0 million

These values do NOT include detailed recastings nor any deal driven components like covenants-not-to-compete, consulting/employment agreements, earn-outs for performance over and above pro forma.

These values are preliminary and are dependent on the reliability of client supplied data and the continuity of current market conditions. We have not audited or substantiated client supplied information or financials. The value may change upon a more thorough review of the client supplied data or market conditions.

### Notes & Assumptions:

Enterprise value is the total value of all capital invested (both debt and equity).

Net book value is total assets minus interest bearing liabilities.

Value is contingent upon the accuracy of our revenue and profit margin projections.

MAS: NG

## Agent Full Report

LN: 2306727	COMMERCIAL/INDUSTRIAL	AR: 835	ST:	LP: \$ 2,650,000
725 Hazel St MOUNT VERNON 98273		Media: r. 8 SKA		
Dsr:	Map: 61-A4	OLP: \$2650000		
Lot:	Blk:	Internet Advertising: Y	PLP: \$	
Zoning: commercial/multifamily		SP: \$		
Legal: call listing office		FIN:		
		OMD:		
		CLO:		
Free & Clr: N	Dues: \$	DOM: 21		
Tax ID: 34043001940204		LD: 9/30/2003		
Taxes: \$15423	Tax Yr: 2003	XD: 12/31/2003		
Land Asses Val: \$	Yr Val Assd:			
Impr Asses Val:	Tot Assd Val: \$			
Ddir: I-5 south to exit 226 west to Cleveland turn south to Hazel St property on the north side				

## Agent/Contact Information

List Office: KELLER WILLIAMS, BELLINGHAM	Office Phone: 360-738-7070
List Agent: BRUCE JAMES LOCKHART Ph: 360-738-7070 Fx: 360-738-9321	SOC: 2.5%
Co-List Agent: JENNIFER LIND Ph: 360-739-3639 Fx:	Preliminary Title Ordered: N
Owner: Withheld Owner Address: Bellingham Wa	Owner Phone: 360 738-7070
Key: Call Listing Office, View With Discretion	Phone to Show: 360-738-7070
Terms: Cash Out, Conventional, See Remarks	Form 17: Provided
Possession: Closing	Photo: Photo/Sketch Submd

## General Information/Features

Yr Blt: 1977	Ofc SqFt:	Sty: 12-2 Story	Annual Expense	Financial
BldCd: Very Good	Wh SqFt:	Roof: Composition	Insur: \$8400	GSI: \$359100
Frontage:	Bl SqFt:	Fnd: Concrete Ribbon	WSG: \$18000	VAC: \$5
Lot Depth:	Cv Parking:	Ext:	Elect: \$9600	GAI: \$341145
Pad Ready:	Ucv Parking: 30	Column Spacing:	Heat: \$1200	EXP: \$150000
Avail Pads:	Env Survey:	Ceiling Height:	Other: \$87377	NOI: \$191145
Expan Area:	Bnd Survey:	Loading:	Total: \$150000	CAP: 7.21
Acres: 1	LtSqFt:	Lt Size:		GRM: \$7.76
Power:	Zoning Cls: Commercial, Multi-Family		Zoning Jurisdiction: City	
Topography: Level			Sewer: Sewer Connected	

## Unit Information/Features

Tenant	SqFt	Lease Expr	Base Rent	Type of Use	Est NNN	Heat: Heat Pump
					\$	Energy: Electric, Natural Gas
					\$	Floor: Vinyl, Wall to Wall Carpet
					\$	Features: Disabled Access, Elevator, Signage Included, Storage
					\$	
					\$	
Total SqFt:		Total Rent:		Total NNN: \$		Wtr Src: Public
Power Co:				Sewer Co:		Water Co:

## Remarks

Agent Only: Do not disturb tenants or staff drive by only Seller may carry a second DOT of \$500,000 @ 8% int amd over 30 yr 5 yr ballon. Perfect owner operator facility, independent living no medical staff needed space for 4 more units  
Marketing: Turn key operation totally remodeled, minutes to the senior center, library, post office and Skagit Valley Hospital. Bus stops at the door plus shuttle service, and plenty of parking. Kichenettes in each unit, 14 studios, 12 1 bedrooms, and 2 2 bedroom 2 bath units. Close to downtown shopping, restaurants, museums. Perfect owner operator facility or hands off investment room for 4 more units. Totally remodeled in 1999

Requested by: LISA COLBURN

Information from Reliable Sources, But Not Guaranteed.

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Tue, Oct 21, 2003 08:34 AM

EXHIBIT 2